

## Message Text

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ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 AGR-20 IGA-02 COME-00

TRSE-00 OMB-01 CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00

SR-02 ORM-03 SSO-00 SS-14 NSC-10 RSR-01 /146 W

----- 064191

R 301043 Z MAR 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 9404

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMEMBASSY TOKYO

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E. O. 11652: N/ A DECLASS 7/31/73

TAGS: EAGR, VS

SUBJECT: RICE SITREP FOR FEBRUARY 1973

JOINT EMBASSY/ USAID MESSAGE

REF: A. SAIGON 2928, B. SAIGON 3182.

1. SUMMARY. FEBRUARY SITREP WAS DELAYED WHILE INTENSIVE SURVEY OF DELTA PROVINCES AND DATA BASE WAS MADE TO CORRECT INCREASING ERRORS IN DATA REPORTING. AS A RESULT OF THIS SURVEY DELTA DELIVERY FIGURES, APPARENT CONSUMPTION FIGURES FOR DECEMBER AND JANUARY, AND FEBRUARY PRIVATE SECTOR SHIPMENT TO CVN FIGURES WERE ALL REVISED UPWARD. INITIAL REPORTS OF MARCH PRIVATE SECTOR SHIPMENTS TO CVN INDICATE THEY WILL BE NEAR 10,000 MT. MOE IS DEFERRING AN INCREASE IN THE BASIC CONTRACT PRICE UNTIL MID OR END APRIL PARTLY TO AVOID ADDITIONAL PRESSURE AGAINST PADDY PRICES UNTIL EXISTING CONTRACTS ARE COMPLETED. AS A RESULT OF THE NEW MOE RICE POLICY ANNOUNCED MARCH 6 ( REF A) CONSIDERABLE UPWARD PRESSURE AGAINST PADDY AND RICE PRICES HAS BEEN NOTED DURING MARCH. PRICES APPEAR NOW TO HAVE NEARLY COMPLETED AN ADJUSTMENT TO NEW LEVELS AND ARE EXPECTED TO BE REASONABLY STABLE FOR THE NEAR FUTURE.

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## 2. END FEBRUARY SAIGON/ CVN STOCKS (1,000 MT)

L SAIGON IMPORTED	34.7
SAIGON DOMESTIC	0.0
SAIGON PRIVATE	14.1
DEFICIT PROVINCES	20.9
TOTAL	69.7

## 3. APPARENT FEBRUARY CONSUMPTION (1,000 MT)

END JANUARY STOCKS	83.7
DELTA DELIVERIES	36.1
IMPORTS#	10.0
TOTAL AVAILABLE	129.8
MINUS END FEBRUARY STOCKS	69.7
EQUAL APPARENT CONSUMPTION	60.1

# 10.0 ON COMMANDER, PA 45-712 ATA 2/28.

## REVISED APPARENT JANUARY CONSUMPTION (1,000 MT)

END DECEMBER STOCKS	57.2
DELTA DELIVERIES	33.2 1/
IMPORTS	59.2
TOTAL AVAILABLE	149.6
MINUS END JANUARY STOCKS	83.7 T
EQUALS APPARENT CONSUMPTION	65.9 2/

1/ REVISED FROM 24.6.

2/ REVISED FROM PREVIOUS REPORTED FIGURE OF 57.3

## REVISED APPARENT DECEMBER CONSUMPTION (1,000 MT)

END NOVEMBER STOCKS	57.1
DELTA DELIVERIES	24.3 1/
IMPORTS	38.1
TOTAL AVAILABLE	SG/632219.5
MINUS END DECEMBER STOCKS	57.2
EQUALS APPARENT CONSUMPTION	62.3 2/

1/ REVISED FROM 22.0.

2/ REVISED FROM 60.0.

## 4. END FEBRUARY SAIGON/ CVN STOCKS ((5;7 ;7 69.7 IS BELOW PRO-

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JECTED STOCK LEVEL OF 78.0 CONTAINED IN REF A DUE LARGELY TO  
FEBRUARY IMPORT ARRIVALS OF ONLY 10.0 VERSUS 25.0 PROJECTED.  
HOWEVER, THIS IS BALANCED OUT BY MARCH IMPORT ARRIVALS OF 67.6  
VERSUS PROJECTED 50.0. CURRENT DATA INDICATES GSA END OF MARCH  
STOCK LEVELS WILL BE ON THE ORDER OF 100,000 MT, EXCLUDING  
16,408 MT DOMESTIC RICE CONTRACTED FOR BUT NOT YET DELIVERED  
TO MOE. SAIGON PRIVATE STOCKS FIGURE TO BE ABOUT 17,000 MT  
ADDITIONAL.

5. DELTA DELIVERY FIGURES FOR DECEMBER AND JANUARY WERE REVISED  
UPWARD TO CORRECT APPARENT ERRORS IN OFFICIAL COUNTING. A PROVINCE  
BY PROVINCE CHECK OF ACTUAL EXPORTS WAS CONDUCTED AND MATCHED  
AGAINST REVISED SAIGON ENTRY CHECKPOINT FIGURES. THE RESULTS  
CLOSELY MATCHED EACH OTHER. TRUCK DELIVERY FIGURES HAVE BEEN  
CONSISTENTLY ACCURATE, BUT BEGINNING SOMETIME IN DECEMBER BARGE  
DELIVERY FIGURES WERE NOT COMPLETE, RESULTING IN LOWER TOTALS  
THAN WERE ACTUALLY BEING DELIVERED. VIGOROUS EFFORTS ARE BEING  
MADE TO LOCATE AND CORRECT THE ERROR AT THE CHECKPOINT LEVEL. TO  
ASSURE ACCURATE DATA IN THE MEANTIME, WE ARE CONTINUING TO MATCH  
ENTRY FIGURES IN SAIGON AGAINST EXIT FIGURES FROM THE DELTA  
PROVINCES, INCLUDING LONG AN. PRELIMINARY DATA FOR MARCH DELTA  
DELIVERIES INDICATE A TOTAL SOMEWHERE BETWEEN 50 AND 60 THOUSAND  
TONS CAN BE EXPECTED.

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6. APPARENT CONSUMPTION FIGURES FOR DECEMBER AND JANUARY HAVE ALSO BEEN REVISED UPWARD TO CORRECT ERRORS ( PARA 4, REF B) RESULTING FROM INACCURATELY REPORTED DELTA DELIVERY FIGURES. STILL THE FEBRUARY APPARENT CONSUMPTION FIGURE OF 60.1 CONTINUES TO BE LOWER THAN EXPECTED. A PARTIAL EXPLANATION IS THAT QUARTERMASTER DRAWS HAVE BEEN SOMEWHAT LESS THAN AVERAGE FOR SEVERAL MONTHS. ISSUANCES TO QUARTERMASTERS WILL PROBABLY BE HIGHER THAN AVERAGE IN MARCH OR APRIL AS THEY REPLENISH STOCKS. IN A CONTINUING EFFORT TO CLARIFY GVN IN- KIND DISTRIBUTION AND CONSUMPTION PATTERNS, MOE HAS BEGUN AS OF FEBRUARY TO REPORT QUARTERMASTER AND REFUGEE ISSUANCES BY PROVINCES AND REGIONS.

7. IN REVIEWING DELTA DELIVERY STATISTICS AS NOTED IN PARA 5 ABOVE, THE FEB. TOTAL FOR PRIVATE SECTOR SHIPMENTS TO CVN WAS ALSO REVISED FROM 7,960 MT AS REPORTED REF B TO 14,020 MT. LARGE SCALE SHIPMENTS WERE MADE IN THE LAST FEW DAYS OF FEBRUARY AS DANANG MERCHANTS RUSHED TO BUY AND SHIP LARGE AMOUNTS BEFORE EXPIRATION OF THE SUBSIDIES SYSTEM ON FEBRUARY 28. THESE SHIPMENTS WERE NOT RECORDED AT MOE UNTIL THE FIRST WEEK OF MARCH. CURRENT INDICATIONS ARE THAT PRIVATE SECTOR SHIPMENTS TO VARIOUS POINTS IN CVN DURING MARCH WILL ALSO BE SUBSTANTIAL AS HAD BEEN HOPED FOR FOLLOWING THE ELIMINATION OF SUBSIDIES AND THE ESTABLISHMENT OF LIMITED OFFICIAL USE

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MENT OF A PRICE DIFFERENTIAL FOR GSA DOMESTIC RICE SALES IN CVN AS REPORTED IN REF A. HEAVY PURCHASING IN SAIGON BY CVN MERCHANTS COMBINED WITH REPORTS OF CONSIDERABLE TRUCK TRAFFIC BETWEEN SAIGON AND CITIES IN LOWER REGION 2 LEAD US TO ESTIMATE THAT TOTAL PRIVATE SECTOR SHIPMENTS TO CVN FOR MARCH WILL PROBABLY BE ABOUT 10,000 MT.

8. PURCHASE BY MOE FOR GVN IN- KIND DISTRIBUTION THUS FAR THIS YEAR TOTALS 34,287 MT, 16,400 MT OF WHICH IS STILL TO BE DELIVERED. DELIVERY PROBABLY WILL BE COMPLETED BETWEEN MID- AND END APRIL. MOE IS AWARE THAT THIS IS SLOW PACE AND INCREASE IN CONTRACT PRICE IS NEEDED TO GET MORE RICE BUT ARGUES THAT THIS SHOULD BE DEFERRED UNTIL BULK OF PRESENT CONTRACTS ARE COMPLETED. PROBLEM OF CLOSING OUT EXISTING CONTRACTS BEFORE RENEGOTIATING NEW TERMS IS A VERY REAL ONE. THIS PROBLEM SHOULD RESOLVE ITSELF WITHIN A FEW WEEKS.

#### 9. PRICES

A. DELTA PADDY AT THE MILL ( WEIGHTED AVERAGE PER 100 KILOS)

	OCT 1	NOV 1	DEC 1	JAN 1	FEB 1	MAR 1
HIGH QUALITY	5949	6011	6249	6176	5366	6110
MEDIUM QUALITY	5386	5392	5531	5154	4670	5088

## B. SAIGON WHOLESALE RICE PRICES ( 100 KILOS)

	DEC 18	JAN 15	JAN 29	FEB 26	MAR 15	MAR 23	MAR
28							
NANG HUONG	12100	11800	12000	12100	12500	12700	1270
0							
SOC NAU	8650	8400	8300	8150	8500	8900	883
0							
IR-8	7300	7200	7300	7400	8000	8500	845
0							
NO. 1, 25# BROKENS	8100	8000	7600	7650	7800	8100	805
0							

## C. SAIGON RETAIL RICE PRICES ( 100 KILOS)

	DEC 18	JAN 22	FEB 12	FEB 26	MAR 12	MAR 26
NANG HUONG	13000	13000	13000	13000	13200	13500
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SOC NAU	9500	9200	9000	8900	9200	9700
NO. 1, 25# BROKENS	8400	8200	8100	8100	8400	9000
U. S. MEDIUM	8400	8250	8400	8400	9100	9200
U. S. LONG	9400	9800	10000	10200	10500	10600

# PERCENT

10. PADDY PRICES BOTTOMED OUT IN FEBRUARY AS EXPECTED, BUT ROSE AGAIN QUICKLY IN RESPONSE TO VIGOROUS MERCHANT EFFORTS TO PURCHASE PADDY TO MEET INCREASED CVN DEMAND AND TO BUILD UP STOCKS IN A RISING MARKET.

11. SAIGON WHOLESALE RICE PRICES ROSE SHARPLY DURING MARCH MOSTLY ON THE STRENGTH OF HEAVY VOLUME PURCHASING BY CVN MERCHANTS. AFTER THREE WEEKS OF STRONG MARKET ACTIVITY WHOLESALE PRICES DROPPED SLIGHTLY AND ARE EXPECTED TO REMAIN FAIRLY STABLE FOR THE NEAR FUTURE.

12. SAIGON RETAIL RICE PRICES ALSO ROSE SHARPLY IN MARCH. PURCHASES BY CIVIL SERVANTS FROM GSA STOCKS IN SAIGON DROPPED TO ONLY A SMALL FRACTION OF USUAL ISSUANCES. RETAIL RICE PRICES WILL PROBABLY DECLINE A BIT IN THE NEXT FEW DAYS RESPONDING TO THE WHOLESALE PRICES AND THEN ARE ALSO EXPECTED TO BE FAIRLY STABLE FOR A WHILE AT THE NEW HIGHER PRICES.

DECON 7/31/73

BENNETT

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Disposition Authority:** elyme  
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**TAGS:** EAGR, VS  
**To:** AID  
SECSTATE WASHDC INFO BANGKOK  
PHNOM PENH  
TOKYO  
VIENTIANE  
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